

MAR 10 2004

ORIGINAL  
OPEN MEETING



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MEMORANDUM  
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TO: DOCKETED BY  THE COMMISSION

2004 MAR 10 P 1:45

FROM: Utilities Division

ARIZ CORP COMMISSION  
DOCUMENT CONTROL

DATE: March 10, 2004

RE: IN THE MATTER OF PROPOSED AMENDMENTS TO THE OFFICE OF PIPELINE SAFETY RULES REGARDING TRANSPORTATION OF NATURAL GAS, OTHER GASES AND HAZARDOUS LIQUIDS BY PIPELINES (DOCKET NO. RG-00000A-04-0169)

Staff of the Utilities Division ("Staff") of the Arizona Corporation Commission ("Commission") is proposing amendments to the Rules governing Pipeline Safety to accomplish the following:

- Update the Rules by incorporating by reference the most recent amendments to the Code of Federal Regulations ("CFR"), Title 49, Parts 191, 192, 193, 195, 199 and Part 40 (minimum safety standards for construction and maintenance of natural gas, other gases and hazardous liquid pipeline facilities, and pipeline operator's alcohol and drug enforcement programs).
- To change the address for the Office of Pipeline Safety. R14-5-202(B), (E), (J), (P), (R), R14-5-203(B), (C), R14-5-204(A) and R14-5-205(B), (G), (O) and (Q).
- Require that all new pipeline installed have proper bedding and shading. R14-5-202(O) and R14-5-205(I).
- Require all plastic pipeline fittings to be marked "Gas" and marked with CF or CG. R14-5-202(P) and R14-5-205(J).
- Require laboratory testing of pipeline that was or could have been involved in an accident or incident. R15-5-202(S) and R14-5-205(P).

The proposed amendments will conform to the most recent amendments of the Federal Pipeline Safety Regulations, which is required by the Commission's Agreement with the United States Department of Transportation, Office of Pipeline Safety, for the Commission's Pipeline Safety Group to receive Federal funds for Pipeline Safety Programs.

Staff believes that the proposed amendments will be beneficial to the general public by maintaining the safe operation of pipeline facilities. Therefore, Staff recommends that the proposed amendments to the Rules be forwarded to the Secretary of State for Notice of Proposed Rulemaking. Staff further recommends that the Hearing Division schedule a hearing on the

THE COMMISSION

March 10, 2004

Page 2

proposed amendment to the Rules no earlier than thirty (30) days after publication in the Arizona Register, but as soon as practicable thereafter, in Phoenix and/or Tucson, Arizona.

A handwritten signature in black ink, appearing to read "E. G. Johnson", with a long horizontal flourish extending to the right.

Ernest Johnson  
Director  
Utilities Division

EGJ:TLF:JRI:vcb:rdp/JDG

Originator: Terry Fronterhouse

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**BEFORE THE ARIZONA CORPORATION COMMISSION**

MARC SPITZER  
Chairman  
WILLIAM A. MUNDELL  
Commissioner  
JEFF HATCH-MILLER  
Commissioner  
MIKE GLEASON  
Commissioner  
KRISTIN K. MAYES  
Commissioner

IN THE MATTER OF THE NOTICE OF	)	DOCKET NO. RG-00000A-04-0169
PROPOSED RULE MAKING REGARDING	)	
THE TRANSPORTATION OF NATURAL	)	DECISION NO. _____
GAS, OTHER GASES AND HAZARDOUS	)	
LIQUIDS BY PIPELINES	)	
<hr/>		<u>ORDER</u>

Open Meeting  
March 30 and 31, 2004  
Phoenix, Arizona

BY THE COMMISSION

FINDINGS OF FACT

1. Staff of the Utilities Division ("Staff") of the Arizona Corporation Commission ("Commission") is proposing amendments to transportation rules R14-5-202, R14-5-203, R14-5-204, and R14-5-205. The amendments will update the rules to incorporate the most recent amendments to the Code of Federal Regulations ("CFR"), Title 49, Parts 191, 192, 193, 195, 199 and Part 40.
2. In addition, the amended pipeline safety rules will require operators of intrastate pipelines transporting natural gas, other gas, or hazardous liquids to inform the Commission's Office of Pipeline Safety ("OPS") whenever a pipeline is removed that was or could have been involved in an accident or incident. The rules will also require OPS and the operator to agree on a laboratory to test the pipeline and OPS be allowed the opportunity to witness the test. The results of the laboratory test shall be made available to OPS within thirty days. R14-5-202(S). Operators of master meter systems will also be subjected to the same requirements. R14-5-205(P).

8. Staff has recommended that the Commission direct the Hearing Division to issue a Procedural Order setting public comment period on the proposed rules and setting the dates for public comment hearing in Phoenix and/or Tucson, Arizona.

...

ORDER

IT IS THEREFORE ORDERED that the Hearing Division issue a Procedural Order scheduling a public comment hearing in the matter of rule making to amend transportation rules as discussed herein.

**BY ORDER OF THE ARIZONA CORPORATION COMMISSION**

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL,  
Executive Secretary of the Arizona Corporation  
Commission, have hereunto, set my hand and caused  
the official seal of the Commission to be affixed at  
the Capitol, in the City of Phoenix, this \_\_\_\_\_ day  
of \_\_\_\_\_, 2004.

\_\_\_\_\_  
BRIAN C. McNEIL  
Executive Secretary

DISSENT: \_\_\_\_\_

DISSENT: \_\_\_\_\_

EGJ:TLF:JRI:vcb:rdp/JDG

Service List for: PROPOSED RULE MAKING REGARDING THE TRANSPORTATION OF  
NATURAL GAS

Docket No. RG-00000A-04-0169

Docket Control  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Mr. Charles G. Taylor, Jr., President & CEO  
Local Gateway Exchange, Inc.  
700 North Pearl, Suite 200  
Dallas, Texas 75201

Ms. Connie Wightman  
Technologies Management, Inc.  
210 North Park Avenue  
Winter Park, Florida 32789

Mr. Gary Powell  
Manager  
Amerigas Terminal  
14702 West Olive Avenue  
Waddell, Arizona 85355

Mr. Steve Williams  
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Mr. Jack McBride  
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Mr. Jim Vescio  
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Mr. Mark Battaglia  
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City Of Benson  
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Mr. Jack Shilling  
General Manager  
Duncan Rural Service Cooperative  
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Duncan, Arizona 85534

Mr. Gail Robinson  
Southwest Gas Corporation  
Post Office Box 1028  
Page, Arizona 86040

Mr. Dennis LLoyd  
Manager, Compliance  
El Paso Natural Gas Company  
5151 East Broadway, Suite 1680  
Tucson, Arizona 85711

Mr. Doug Mann  
Manager  
Energy West Arizona  
200 West Overland  
Payson, Arizona 85541

Mr. Steve Lines  
General Manager  
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Post Office Drawer B  
Pima, Arizona 85543

1 Mr. David Plumb  
2 Gas Manager  
3 City of Mesa  
4 Post Office Box 1466  
5 Mesa, Arizona 85211-1466  
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7 Mr. Ken Mecham  
8 Director  
9 Gila Resources  
10 Post Office Box 272  
11 Safford, Arizona 85548  
12  
13 Mr. Gary Smith  
14 Vice President  
15 Unisource Energy  
16 1300 South Yale Street  
17 Flagstaff, Arizona 86001  
18  
19 Mrs. Debra Jacobson  
20 Manager Regulatory Affairs  
21 Southwest Gas Corporation  
22 Post Office Box 98510  
23 Las Vegas, Nevada 89193-8510  
24  
25 Mr. Frank Gonzales  
26 Director of Utilities  
27 City of Wilcox  
28 155 West Maley  
Wilcox, Arizona 85643  
29  
30 Mr. Steve Barlett  
31 Manager  
32 Applied LNG Technologies  
33 8101 North 34<sup>th</sup> Street  
34 Amarillo, Texas 79121  
35  
36 Ms. Becky Gardner  
37 Senior Human Resources Assistant  
38 City of Mesa  
39 Post Office Box 1466  
40 Mesa, Arizona 85211-1466  
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42 Mr. Jay Bowcutt  
43 Vice President/General Manager  
44 Nucor Steel Utah  
45 Post Office Box 100  
46 Plymouth, Utah 84330

Mr. Jack Williams  
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6833 West Willis Road  
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Chandler, Arizona 85226  
  
Pinal County Building Inspections  
Queen Creek, Magma Gas Area  
Building Safety Division  
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31 North Pinal St. Bldg. D  
Florence, Arizona 85232  
  
U S WEST Communications  
Regulatory Division  
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Phoenix, Arizona 85012  
  
Mr. Greg Merdick  
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Community Relations  
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Chris Tyrek  
Cable America  
2720 East Camelback Road  
Phoenix, Arizona 85016  
  
Jones Intercable  
Regulatory Division  
8251 North Cortaro Road  
Tucson, Arizona 85743-9599  
  
Tucson Electric Power  
Legal Department – DB203  
220 West 6<sup>th</sup> Street  
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Mr. David Martin  
Association of General Contractors  
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1 Mr. Clark Tartar and Mr. Frank Harris  
2 Arizona Pipeline Company  
3 3111 West Lincoln Street  
Phoenix, Arizona 85009

4 Mr. Jim Gholson  
5 Northern Pipeline Construction Co  
6 3024 West Weldon Avenue  
Phoenix, Arizona 85017

7 Mr. Walt Jones  
8 Henkles and McCoy, Inc.  
9 21601 North 3<sup>rd</sup> Avenue  
Phoenix, Arizona 85027-2907

10 Mr. Tom Mattingly  
11 Superintendent  
12 City of Mesa  
13 Building Inspections  
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15 c/o Webb Crockett, Esq.  
16 Fennemore Craig  
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Phoenix, Arizona 85012

17 The Arizona Utility Group  
18 c/o Kevin Kent  
19 City of Mesa  
20 Post Office Box 1466  
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21 Mr. John H. Shorbe, Sr.  
22 Southern Arizona Home Builders  
23 Association  
24 2840 North Country Club Road  
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25 Mr. John Rueter  
26 Park Manager  
27 Canyon Valle Airpark  
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Superintendent of Schools  
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Ms. Janet Slowman Chee  
Superintendent of Schools  
Red Mesa Unified School District No. 27  
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Superintendent  
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1 Mr. David A. Salyers  
2 Abbott RPD Manager  
3 Utility & Facility Manager  
4 Abbott Labs  
5 1250 West Maricopa Highway  
6 Casa Grande, Arizona 85222

5 Mr. Lyle Iedje  
6 Manager, Pipeline Operations  
7 Calpine Pipeline Company  
8 60 River Road  
9 Rio Vista, California 94571

9 Mr. Justin B. Jessop  
10 Gas Department Supervisor  
11 Colorado City Gas  
12 Post Office Box 840809  
13 Hildale, Utah 84784

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Superintendent  
Ganado Unified Scholl District No. 20  
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Plant Manager  
Panda Gila River  
1250 East Watermelon Road  
Gila Bend, Arizona 85

## CONCISE EXPLANATORY STATEMENT

This explanatory statement is provided to comply with the provisions of A.R.S. §41-1036.

### **I. CHANGES IN THE TEXT OF THE PROPOSED RULES FROM THAT CONTAINED IN THE NOTICE OF RULEMAKING FILED WITH THE SECRETARY OF STATE** **EVALUATION OF THE ARGUMENTS FOR AND AGAINST THE PROPOSED RULES**

There have been no changes to the rules since the Notice of Final Rulemaking was published by the Secretary of State in Volume 9, Issue 32 of the August 8, 2003 *Register*.

### **II. EVALUATION OF THE ARGUMENTS FOR AND AGAINST THE PROPOSED RULES**

The proposed amended Arizona Corporation Commission Pipeline Safety Rules ("Rules") will update the Rules by incorporating by reference the most recent amendments to the Code of Federal Regulations (CFR), Title 49, Parts 191, 192, 193, 195, 199, and Part 40 (minimum safety standards for construction and maintenance of natural gas, other gases and hazardous liquid pipeline facilities, and pipeline operator's alcohol and drug enforcement programs).

The Arizona Corporation Commission ("Commission") has been granted agent status allowing it to enforce the Federal Pipeline Safety Standards. To maintain that status the Commission must, pursuant to the Natural Gas Pipeline Safety Act and the Hazardous Liquid Pipeline Safety Act, adopt and keep current with the Federal Pipeline Safety Standards.

The Commission believes that through the adoption and incorporating by reference of CFR Title 49 updates, the rules will be consistent with the Federal Regulations and will enhance public safety which will be in the best interest of all citizens in the State of Arizona.

#### **R14-5-202**

**Issue:** The proposed amendments update the Rules to incorporate the most recent amendments to the Code of Federal Regulations.

**Analysis:** The proposed amendments incorporate the January 15, 2004 Code of Federal Register revisions. No parties opposed the proposed amendments.

**Resolution:** Staff's proposed amendments to the Rule should be adopted.

**R14-5-203**

**Issue:** The proposed amendments update the Rules to incorporate the most recent amendments to the Code of Federal Regulations.

**Analysis:** The proposed amendments incorporate the January 15, 2004 Code of Federal Register revisions. No parties opposed the proposed amendments.

**Resolution:** Staff's proposed amendments to the Rule should be adopted.

**R14-5-204**

**Issue:** The proposed amendments update the Rules to incorporate the most recent amendments to the hazardous liquids section of Title 49 of the Code of Federal Regulations.

**Analysis:** The proposed amendments incorporate the January 15, 2004 Code of Federal Register revisions. No parties opposed the proposed amendments.

**Resolution:** Staff's proposed amendments to the Rule should be adopted.

**R14-5-205**

**Issue:** The proposed amendments update the Rules to incorporate the most recent amendments to the Title 49 of the Code of Federal Regulations.

**Analysis:** The proposed amendments are required for consistency with the federal code. No parties objected to Staff's proposed amendments.

**Resolution** Staff's proposed amendments to the Rule should be adopted.

**R14-5-202(B).**

Subject to the definitional changes in R14-5-201 and the revisions noted in subsection (C), the Commission adopts, incorporates, and approves as its own 49 CFR 40, 191, 192 except I (2) and (3) of Appendix D to Part 192, 193, 195, except 195.1(b)(2) and (3), and 199, revised as ~~January 16, 2002~~ January 15, 2004 (and no future amendments), incorporated by reference, on file with the Office of the Secretary of State, and copies available from the Commission Office of Pipeline Safety, ~~1200 West Washington, Phoenix, Arizona 85007~~ 2200 North

Central Avenue, Suite 300, Phoenix, Arizona 85004 and the United States Government Printing Office, P.O. Box 371975M, Pittsburgh, Pennsylvania 15250-7975.

**R14-5-202(E)(1)(2)**

1. NACE Standard MR-0175-99 (1999 Revision); (and no future revisions), Standard Materials Requirements-Sulfide Stress Cracking Resistant Metallic Material for Oilfield Equipment, incorporated by reference and no future amendments. Copies are available from the Commission Office of Pipeline Safety, ~~1200 West Washington, Phoenix, Arizona 85007~~ 2200 North Central Avenue, Suite 300, Phoenix, Arizona 85004 and the NACE International, P.O. Box 218340, Houston, Texas 77218-8340 and on file with the Office of the Secretary of State.
2. API RP55 (1995 Edition); (and no future amendments), API recommended practice for conducting oil and gas production operations involving hydrogen sulfide, incorporated by reference and no future amendments. Copies are available from the Commission Office of Pipeline Safety, ~~1200 West Washington, Phoenix, Arizona 85007~~ 2200 North Central Avenue, Suite 300, Phoenix, Arizona 85004 and the CSSINFO, 310 Miller Avenue, Ann Arbor, Michigan, 48103 and on file with the Office of the Secretary of State.

**R14-5-202(G)**

Operators of an intrastate distribution pipeline transporting ~~LNG, hazardous liquid~~, natural gas or other gas will not construct any part of a pipeline system closer than 8 inches to any other underground structure. If the 8-inch clearance cannot be maintained from other underground structures, a sleeve, casing, or shielding shall be used.

**R14-5-202(J)**

Operators of an intrastate pipeline transporting LNG, natural gas, other gases or hazardous liquid will utilize a cathodic protection system designed to protect the metallic pipeline in its entirety, in accordance with 49 CFR 192, Subpart I, ~~January 16, 2002~~ January 15, 2004 (and no future amendments), incorporated by reference, on file with the Office of the Secretary of State, and copies available from the Commission Office of Pipeline Safety, ~~1200 West Washington, Phoenix, Arizona 85007~~ 2200 North Central Avenue, Suite 300, Phoenix, Arizona 85004 and the United States Government Printing Office, P.O. Box 371975M, Pittsburgh, Pennsylvania 15250-7975 except I (2) and (3) of Appendix D to Part 192 shall not be utilized.

**R14-5-202(O)**

Operators of an intrastate pipeline transporting **hazardous liquid**, natural gas or other gas ~~pipeline-system~~ that construct an underground pipeline system ~~using plastic pipe~~, will bury the installed pipe with a minimum of 6 inches of sandy type soil surrounding the pipe for bedding and shading, free of any rock or debris, unless otherwise protected and approved by the Office of Pipeline Safety.

**R14-5-202(P)**

Operators of an intrastate pipeline transporting natural gas or other gas ~~pipeline-system~~ that construct an underground pipeline system using plastic pipe will install the pipe with sufficient slack to allow for thermal expansion and contraction. In addition, all plastic pipe shall be marked CD or CE **and all fittings shall be marked "Gas" and shall be marked CF or CG** as required by ASTM D2513-95c (1995c Edition and no future editions), incorporated by reference, on file with the Office of the Secretary of State, and copies available from the Commission Office of Pipeline Safety, ~~1200 West Washington, Phoenix, Arizona 85007~~ 2200 North Central Avenue, Suite 300, Phoenix, Arizona 85004 and the ASTM, 1916

Race Street, Philadelphia, Pennsylvania 19103-1187, for areas where the service temperature is above 100°F.

**R14-5-202(R)**

Operators of an intrastate pipeline transporting natural gas or other gas pipeline system shall survey and grade all detected leakage by the following guide: ASME Guide for Gas Transmission and Distribution Pipeline System, Guide Material, Appendix G-11-1983 except 4.4(c) (1983 Revision and no future revisions), incorporated by reference and on file with the Office of the Secretary of State and copies available from the Commission Office of Pipeline Safety, ~~1200 West Washington, Phoenix, Arizona 85007~~ 2200 North Central Avenue, Suite 300, Phoenix, Arizona 85004 and the ASME, United Engineering Center, 345 East 47<sup>th</sup> Street, New York, N. Y. 10017. (“Should” as referenced in the Guide will be interpreted to mean “shall”). Leakage survey records shall identify in some manner each pipeline surveyed. Records shall be maintained to demonstrate that the required leakage survey has been conducted.

**R14-5-202(S)**

Operators of an intrastate pipeline transporting natural gas, other gas or hazardous liquids shall advise the Office of Pipeline Safety when a pipeline is removed that was or could have been involved in an accident/incident. The operator, when directed by the Office of Pipeline Safety, shall have the pipeline involved in the incident tested on a mutually agreed upon time frame and by a laboratory mutually agreed upon by the operator and the Office of Pipeline Safety. The operator shall notify the Office of Pipeline Safety with the location and time the laboratory will be conducting the required tests. This information shall be provided in advance of the test in a time frame to permit Pipeline Safety Staff the opportunity to witness the test. The test results from the

laboratory shall be made available to the Office of Pipeline Safety within thirty (30) days of the operator having received the laboratory report.

**R14-5-202(T)**

All repair work performed on an existing intrastate pipeline transporting LNG, hazardous liquids, natural gas or other gas ~~pipeline-system~~ will comply with the provisions of this Article.

**R14-5-203(B)(1)**

Operators of an intrastate pipeline transporting LNG, natural gas or other gas ~~pipeline-system~~ will notify by telephone the Office of Pipeline Safety upon discovery of the occurrence of any of the following:

**R14-5-203(B)(A)(F)(ii)**

Not one described in 49 CFR 195.52(a)(4); (1994 Revision and no future revisions), incorporated by reference and on file with the Office of the Secretary of State and copies available from the Commission Office of Pipeline Safety, ~~1200 West Washington, Phoenix, Arizona 85007~~ 2200 North Central Avenue, Suite 300, Phoenix, Arizona 85004.

**R14-5-203(C)(2)(A)**

RSPA F7100.1 - Distribution System: Incident Report, incorporated by reference and on file with the Office of the Secretary of State and copies available from the Commission Office of Pipeline Safety, ~~1200 West Washington, Phoenix, Arizona 85007~~ 2200 North Central Avenue, Suite 300, Phoenix, Arizona 85004.

**R14-5-203(C)(2)(B)**

RSPA F7100.2 - Transmission and Gathering System: Incident Report, incorporated by reference and on file with the Office of the Secretary of State and copies available from the

Commission Office of Pipeline Safety, ~~1200 West Washington, Phoenix, Arizona 85007~~ 2200 North Central Avenue, Suite 300, Phoenix, Arizona 85004.

**R14-5-203(C)(3)**

Operators of an intrastate pipeline transporting hazardous liquid will make a written incident report on RSPA F 7000-1, (January 2001 Revision and no future revisions), incorporated by reference and on file with the Office of the Secretary of State, and copies available from the Commission Office of Pipeline Safety, ~~1200 West Washington, Phoenix Arizona 85007~~ 2200 North Central Avenue, Suite 300, Phoenix, Arizona 85004, when there is a release of hazardous liquid which results in any of the following:

**R14-5-203(C)(3)(ii)**

Not one described in 49 CFR 195.52 (a)(4); ); (1994 Revision and no future revisions), incorporated by reference and on file with the Office of the Secretary of State and copies available from the Commission Office of Pipeline Safety, ~~1200 West Washington, Phoenix, Arizona 85007~~ 2200 North Central Avenue, Suite 300, Phoenix, Arizona 85004.

**R14-5-204(A)**

Except for operators of an intrastate pipeline transporting LNG, ~~hazardous liquid~~, all other intrastate pipeline operators will file with the Office of Pipeline Safety, not later than March 15, for the preceding calendar year, the following appropriate report(s):

- 1. RSPA F 7000-1.1 (February 2004 and no future editions) – “Annual Report for calendar year 20 , hazardous liquid or carbon dioxide systems” and “Instructions for completing RSPA F 7000-1.1 Annual Report for calendar year 20 hazardous liquid or carbon dioxide systems incorporated by reference, on file with the Secretary of State and copies available from the Commission Office**

of Pipeline Safety, 2200 North Central Avenue, Suite 300, Phoenix, Arizona 85004 and the Information Resources Manager, Office of Pipeline Safety, U.S. Department of Transportation, Room 2301, 400 Seventh Street, S.W., Washington, DC 20590.

2. RSPA F7100.1-1 (November 1985 Edition and no future editions) - "Annual Report for Calendar Year 20\_\_\_\_, Gas Distribution System" and "Instructions for Completing RSPA Form F7100.1-1, Annual Report for Calendar Year 20\_\_\_\_, Gas Distribution System", incorporated by reference, on file with the Office of the Secretary of State, and copies available from the Commission Office of Pipeline Safety, ~~1200 West Washington, Phoenix, Arizona 85007~~ 2200 North Central Avenue, Suite 300, Phoenix, Arizona 85004 and the Information Resources Manager, Office of Pipeline Safety, Research and Special Programs Administration, U.S. Department of Transportation, Room ~~8417~~ 2301, 400 Seventh Street, S.W., Washington, D.C. 20590.
3. RSPA F7100.2-1 (January 2002 Edition and no future editions) - "Annual Report for Calendar Year 20\_\_\_\_, Gas Transmission and Gathering Systems" and "Instructions for Completing Form RSPA F7100.2-1, Annual Report for Calendar Year 20\_\_\_\_, Gas Transmission and Gathering Systems", incorporated by reference, on file with the Office of the Secretary of State, and copies available from the Commission Office of Pipeline Safety, ~~1200 West Washington, Phoenix, Arizona 85007~~ 2200 North Central Avenue, Suite 300, Phoenix, Arizona 85004 and the Information Resources Manager, Office of Pipeline Safety, Research and Special Programs Administration, U.S. Department of Transportation, Room ~~8417~~ 2301, 400 Seventh Street, S.W., Washington, D.C. 20590.

R14-5-205(B)

Subject to the definitional changes in R14-5-201 and the revisions noted in subsection (C), the Commission adopts, incorporates, and approves as its own 49 CFR 191 and 192, revised as of ~~January 16, 2002~~ January 15, 2004 (and no future amendments), incorporated by reference, on file with the Office of the Secretary of State, and copies available from the Commission Office of Pipeline Safety, ~~1200 West Washington, Phoenix, Arizona 85007~~ 2200 North Central Avenue, Suite 300, Phoenix, Arizona 85004 and the United States Government Printing Office, P.O. Box 371975M, Pittsburgh, Pennsylvania 15250-7975.

#### R14-5-205(G)

Operators of a master meter system will not use solvent cement to join together plastic pipe manufactured from different materials unless the operator utilizes a joining procedure in accordance with the specifications of 49 CFR 192, Subpart F, ~~January 16, 2002~~ January 15, 2004 (and no future amendments), incorporated by reference, on file with the Office of the Secretary of State, and copies available from the Commission Office of Pipeline Safety, ~~1200 West Washington, Phoenix, Arizona 85007~~ 2200 North Central Avenue, Suite 300, Phoenix, Arizona 85004 and the United States Government Printing Office, P.O. Box 371975M, Pittsburgh, Pennsylvania 15250-7975.

#### R14-5-205(J)

Operators of a master meter system that construct an underground pipeline using plastic pipe will install the pipe with sufficient slack to allow for thermal expansion and contraction. In addition, all plastic pipe shall be marked CD or CE and all fittings shall be marked "Gas" and shall be marked CF or CG as required by ASTM D2513-95c (1995c Edition and no future editions), incorporated by reference, on file with the Office of the Secretary of State

and copies available from the Commission Office of Pipeline Safety, ~~1200 West Washington, Phoenix, Arizona 85007~~ 2200 North Central Avenue, Suite 300, Phoenix, Arizona 85004 and the ASTM, 1916 Race Street, Philadelphia, Pennsylvania 19103-1187, for areas where the service temperature is above 100°F.

**R14-5-205(O)**

Operators of a master meter system will perform leakage surveys at intervals not exceeding 15 months but at least once each calendar year and will survey and grade all detected leakage by the following guide -- ASME Guide for Gas Transmission and Distribution Pipeline System, Guide Material, Appendix G-11-1983 (1983 Revision and no future revisions), except 4.4(c), incorporated by reference, on file with the Office of the Secretary of State, and copies available from the Commission Office of Pipeline Safety, ~~1200 West Washington, Phoenix, Arizona 85007~~ 2200 North Central Avenue, Suite 300, Phoenix, Arizona 85004 and the ASME, United Engineering Center, 345 East 47th Street, New York, New York 10017. ("Should" as referenced in the guide will be interpreted to mean "shall".) Leak detection procedures shall be approved by the Office of Pipeline Safety.

**R14-5-205(P)**

**Operators of master meter system shall advise the Office of Pipeline Safety when a pipeline is removed that was or could have been involved in an accident/incident. The operator, when directed by the Office of Pipeline Safety, shall have the pipeline involved in the incident tested on a mutually agreed upon time frame and by a laboratory mutually agreed upon by the operator and the Office of Pipeline Safety. The operator shall notify the Office of Pipeline Safety the location and time the laboratory will be conducting the required tests. This information shall be provided in advance of the test**

in a time frame to permit Pipeline Safety Staff member(s) the opportunity to witness the test. The test results from the laboratory shall be made available to the Office of Pipeline Safety within thirty (30) days of the operator having received the laboratory report.

- Q. Operators of a master meter system will file an annual report with the Commission on Commission Form 1-90/15M (1990 Edition and no future editions), "Annual Report for Calendar Year 20\_\_\_, Small Operators of Gas Distribution System," incorporated by reference, on file with the Office of the Secretary of State, and copies available from the Commission, Office of Pipeline Safety, ~~1200 West Washington, Phoenix, Arizona 85007~~ 2200 North Central Avenue, Suite 300, Phoenix, Arizona 85004. This report will be filed with the Office of Pipeline Safety not later than April 15 for the preceding calendar year.

## STATEMENT OF EFFECT ON SMALL BUSINESS

1. Small Business Subject to the Rules: These rules do not change the responsibilities of master meter operators already established in 1970 by the adoption by the Commission of the Code of Federal Regulations, Title 49, Parts 191 and 192.
2. Professional Skills and Reporting and Bookkeeping Procedures Required for Compliance: No professional skills are required, the reporting and bookkeeping requirements are less than previously required.
3. Description of Methods Used to Reduce Impact on Small Businesses: There are no new requirements that would impact the small business community.
4. Feasibility and Legality of Methods in three (3) above: Not applicable.

**ECONOMIC IMPACT STATEMENT  
PER A.R.S. SECTION 41-1055**

1. **BRIEF DESCRIPTION:** These amendments will amend already existing rules. (R14-5-202, R14-5-203, R14-5-204 and R14-5-205) under Chapter 5 entitled "Transportation".

The proposed amendments to the existing rules are designed to update the Arizona Corporation Commission Pipeline Safety rules to recognize the amendments to Title 49, Code of Federal Regulations (CFR) Parts 40, 191, 192, 193, 195 and 199 as of January 15, 2004 (Minimum Safety Standards for Construction, Operation and Maintenance of natural gas, other gases and hazardous liquid pipeline facilities).

2. **NEED:** The Commission has been granted agent status allowing it to enforce the Federal Pipeline Safety Standards. To maintain that status the Commission must, pursuant to the Natural Gas Pipeline Safety Act and the Hazardous Liquid Pipeline Safety Act, adopt and keep current with the Federal Pipeline Safety Standards.

The Commission believes that through the adoption and incorporating by reference of CFR Title 49 updates, the rules will be consistent with the Federal Regulations and will enhance public safety which will be in the best interest of all citizens' in the State of Arizona

3. **AFFECTED CLASSES OF PERSONS:**

- A. Operators of master meter gas distribution systems.
- B. Intrastate operators of natural gas and other gas pipelines.
- C. Intrastate operators of hazardous liquid pipelines.

4. **RULE IMPACT ON AFFECTED CLASSES OF PERSONS:**

- A. There will be no impact on master meter system operators if they are already complying with the Federal Pipeline Safety Regulations.
- B. There will be no impact on operators of natural gas or other gas systems if they are already complying with the Federal Pipeline Safety Standards.
- C. There will be no impact on operators of hazardous liquid pipelines if they are already complying with the Federal Pipeline Safety Standards.

5. **COST AND BENEFITS TO THE AGENCY:** The Commission will have better access to information on status of hazardous liquid pipelines operating within Arizona. The amendments to the rules will have no effect on other state agencies.

6. **COST AND BENEFITS TO POLITICAL SUBDIVISIONS:** There will be no impact on political subdivisions if they are already complying with the Federal Pipeline Safety Regulations.

7. **COST AND BENEFITS TO PRIVATE PERSONS:** There will be no additional cost to

taxpayers, ratepayers or customers. The impact of the rule changes is to provide the taxpayers, ratepayers and customers with improved safety and to assure that all construction, operation and maintenance is accomplished in accordance with the established minimum safety standards.

8. **COST AND BENEFITS TO CONSUMERS OR USERS OF ANY PRODUCT OR SERVICE IN THE IMPLEMENTATION OF THE NEW RULES:** The new rules will have no effect upon consumers or users of the gas service provided by regulated public utilities as they presently are required to be in compliance with all standards, but, this will benefit consumers, users and the general public by maintaining a safe pipeline system.
9. **LESS COSTLY OR INTRUSIVE METHODS:** The proposed rules are the least costly method for obtaining compliance with the long standing minimum safety standards. The rules do not impose additional standards. There is no less intrusive method.
10. **ALTERNATIVE METHODS CONSIDERED:** There are no alternative methods available to achieve the standardization of pipeline construction, training and enhancement of safety.

**AGENCY RECEIPT**

**NOTICE OF RULEMAKING DOCKET OPENING**

1. **Agency name:** Arizona Corporation Commission
2. **The Subchapters, if applicable; the Articles; the Parts, if applicable; and the Sections involved in the rulemaking, listed in alphabetical and numerical order:**

<b><u>Subchapters, Articles, Parts, and Sections</u></b>	<b><u>Action</u></b>
Article 2. Pipeline Safety	
R14-5-202	Amend.
R14-5-203	Amend.
R14-5-204	Amend.
R14-5-205	Amend.

### AGENCY CERTIFICATE

1. **Agency name:** Arizona Corporation Commission
2. **Chapter heading:** Corporation Commission-Transportation
3. **Code citation for the Chapter:** 14 A.C.C. 5
4. **The Subchapters, if applicable; the Articles; the Parts, if applicable; and the Sections involved in the rulemaking, listed in alphabetical and numerical order:**

Subchapters, Articles, Parts, and Sections	Action:
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Article 2. Pipeline Safety	
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R14-5-202	Amend.
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R14-5-203	Amend.
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R14-5-204	Amend.
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R14-5-205	Amend.
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5. **The rules contained in this package are true and correct as (proposed, adopted, etc.).**

6. \_\_\_\_\_

Signature of Agency Chief Executive Officer

\_\_\_\_\_

Date of signing

\_\_\_\_\_

\_\_\_\_\_

Executive Secretary

Printed or typed name of signer

Title of signer

7. **No changes have been made to these rules since the Governor's Regulatory Review Council approved the rules. (This statement need only appear when the rules being submitted are final rules or summary rules approved by the Council.)**

## NOTICE OF RULEMAKING DOCKET OPENING

### ARIZONA CORPORATION COMMISSION

1. **Title and its heading:** 14, Public Service Corporations; Corporations and Associations; Securities Regulation

**Chapter and its heading:** 5, Corporation Commission - Transportation

**Subchapter and its heading (if applicable):** 2, Pipeline Safety

**Article and its heading:** R14-5-202 through R14-5-205

2. **The subject matter of the proposed rule:**

These amendments will amend already existing rules (R14-5-202, R14-5-203, R14-5-204, and R14-5-205) under Chapter 5. The proposed amendments are designed to update the Arizona Corporation Commission Transportation rules and to recognize the latest federal standards revisions pertaining to LNG, hazardous liquids, natural gas and other gas pipeline systems and revisions to Title 49 Code of Federal Regulations (CFR), Parts 40, 191, 192, 193, 195, and 199 with exceptions. The Commission believes that by incorporating by reference Title 49 CFR Parts 40, 191, 192, 193, 195 and 199, the rules will be consistent with current best practices and will enhance public safety which is in the best interest of all citizens in the state of Arizona.

**The agency docket number, if applicable:** RG-00000A-04-0169

3. **A citation to all published notices relating to the proceeding:**

Notice of Rulemaking Docket Opening

\_\_\_\_\_ A.A.R. \_\_\_\_\_, \_\_\_\_\_

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4. **The name and address of agency personnel with whom persons may communicate regarding the rule:**

Name: Jason D. Gellman

Address: Corporation Commission, Legal Division

1200 West Washington

Phoenix, Arizona 85007

Telephone: 602-542-3402

Fax number: 602-542-4870

5. **The time during which the agency will accept written comments and the time and place where oral comments may be made:**

The time when and the place where oral and written comments may be made will be established by the Arizona Corporation Commission in its Procedural Order the Commission's Decision during Open Meeting. The date, time and place for public comment will be noticed in accordance with ARS 38-431 et seq..

6. **A timetable for agency decisions or other action on the proceeding, if known:**

The amendments will be adopted by the Arizona Corporation Commission at a regularly scheduled or a special Open Meeting and forwarded to the Attorney General for certification in accordance with ARS § 41-1044. The notice and agenda will be posted in accordance with state law and will be mailed to those entities/individuals on the service list accompanying the Commission Decision authorizing the filing of the Notice of Proposed Rulemaking with the Secretary of State.

**TITLE 14. PUBLIC SERVICE CORPORATIONS; CORPORATIONS AND ASSOCIATIONS; SECURITIES REGULATION**

**PREAMBLE**

- Implementing statute:** Not applicable

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- Fax Number: (602) 542-4870

5. **An explanation of the rule, including the agency's reasons for initiating the rule:**

Staff is proposing amendments to transportation rules R14-5-202, R14-5-203, R14-5-204 and R14-5-205. The amendments will update the rules to incorporate the most recent amendments to the Code of Federal Regulations (CFR), Title 49, Parts 40, 191, 192, except I (2) and (3) of Appendix D to Part 192, 193, 195 (except 195.1(b)(2) and (3)) and 199 revised as of January 15, 2004.

6. **A reference to any study that the agency proposes to rely on in its evaluation of or justification for the proposed rule and where the public may obtain or review the study, all data underlying each study, any analysis of the study and other supporting material:**

None

7. **A showing of good cause why the rule is necessary to promote a statewide interest if the rule will diminish a previous grant of authority of a political subdivision of this state:**

The Commission believes that by incorporating by reference Title 49 CFR Parts 40, 191, 192, except I (2) and (3) of Appendix D to Part 192, 193, 195 (except 195.1(b)(2) and (3)) and 199 revised as of January 15, 2004, the rules will be consistent with current best practices and will enhance public safety which is in the best interest of all citizens in the State of Arizona.

8. **The preliminary summary of the economic, small business, and consumer impact:**

Small Business Subject to the Rules: These rules do not change the responsibilities of master meter operators already established in 1970 by the adoption by the Commission of the Code of Federal Regulations, Title 49, Parts 191 and 192.

The new rules will have no effect upon consumers or users of the gas service provided by regulated public utilities as they presently are required to be in compliance with all standards, but, this will benefit consumers, users and the general public by maintaining a safe pipeline system.

The proposed rules are the least costly method for obtaining compliance with the long standing minimum safety standards. The rules do not impose additional standards. There is no less intrusive method.

9. The name and address of agency personnel with whom persons may communicate regarding the accuracy of the economic, small business, and consumer impact statement:

Name: Terry Fronterhouse, Chief, Office of Pipeline Safety

Address: Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Telephone Number: (602) 262-5601

Fax Number: (602) 262-5620

10. The time, place, and nature of the proceedings for the making, amendment, or repeal of the rule or, if no proceeding is scheduled, where, when, and how persons may request an oral proceeding on the proposed rule:

Date: To be provided by the Commission Hearing Division pursuant to procedural order.

Time: To be provided by the Commission Hearing Division pursuant to procedural order.

Location: Commission Hearing Room, 1200 West Washington Street, Phoenix, Arizona

Nature: Public Comment Hearing (oral and written comments accepted)

11. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:

None

**12. Incorporations by reference and their location in the rules:**

Title 49, Code of Federal Regulations (CFR), Parts 40, 191, 192, except I (2) and (3) of Appendix D to Part 192, 193, 195 (except 195.1(b)(2) and (3)) and 199 revised as of January 15, 2004. These regulations cover the minimum safety standards for construction and operation of gas and hazardous liquid pipelines. These regulations may be found at the Arizona Corporation Commission, Executive Secretaries Office and Office of Pipeline Safety, 1200 West Washington Street, Phoenix, Arizona 85007. These regulations are incorporated by reference in the amended rules at: R14-5-202 B., E., J., K., O., P., R., S.; R14-5-203 B., and C.; R14-5-204 A.; and R14-5-205 B., G., I., J., O., P., and Q.

**12. The full text of the rules follows:**

**NOTICE OF PROPOSED RULEMAKING**

**TITLE 14. PUBLIC SERVICE CORPORATIONS; CORPORATIONS AND**

**ASSOCIATIONS; SECURITIES REGULATION**

**CHAPTER 5. CORPORATION COMMISSION – TRANSPORTATION**

**ARTICLE 2. PIPELINE SAFETY**

- R14-5-202. Construction and Safety Standards
- R14-5-203. Pipeline Incident Reports and Investigations
- R14-5-204. Annual Reports
- R14-5-205. Master Meter System Operators

## ARTICLE 2. PIPELINE SAFETY

### R14-5-202. Construction and Safety Standards

- A. Applicability: This rule applies to the construction, reconstruction, repair, operation and maintenance of all intrastate natural gas, other gas, LNG and hazardous liquid pipeline systems, as described in ARS 40-441.
- B. Subject to the definitional changes in R14-5-201 and the revisions noted in subsection (C), the Commission adopts, incorporates, and approves as its own 49 CFR 40, 191, 192 except I (2) and (3) of Appendix D to Part 192, 193, 195, except 195.1(b)(2) and (3), and 199, revised as ~~January 16, 2002~~ January 15, 2004 (and no future amendments), incorporated by reference, on file with the Office of the Secretary of State, and copies available from the Commission Office of Pipeline Safety, ~~1200 West Washington, Phoenix, Arizona 85007~~ 2200 North Central Avenue, Suite 300, Phoenix, Arizona 85004 and the United States Government Printing Office, P.O. Box 371975M, Pittsburgh, Pennsylvania 15250-7975.
- C. The above mentioned incorporated Parts of 49 CFR, except Parts 191, 193 Subpart A and 195 Subpart A and B, are revised as follows:
1. Substitute "Commission" where "Administrator of the Research and Special Programs Administration" or "Office of Pipeline Safety" (OPS) appear.
  2. Substitute "Office of Pipeline Safety, Arizona Corporation Commission, at its office in Phoenix, Arizona" where the address for the Information Resources Manager, Office of Pipeline Safety, Research and Special Programs Administration, U. S. Department of Transportation appears.
- D. Operators of an intrastate pipeline will file with the Commission an Operation and

Maintenance Plan (O & M), including an emergency plan, 30 days prior to placing a pipeline system into operation. Any changes in existing plans will be filed within 30 days of the effective date of the change.

E. Operators of an intrastate pipeline transporting sour gas or oil are subject to industry standards addressing facilities handling hydrogen sulfide (H<sub>2</sub>S). Standards adopted are:

1. NACE Standard MR-0175-99 (1999 Revision); (and no future revisions), Standard Materials Requirements-Sulfide Stress Cracking Resistant Metallic Material for Oilfield Equipment, incorporated by reference and no future amendments. Copies are available from the Commission Office of Pipeline Safety, ~~1200 West Washington, Phoenix, Arizona 85007~~ 2200 North Central Avenue, Suite 300, Phoenix, Arizona 85004 and the NACE International, P.O. Box 218340, Houston, Texas 77218-8340 and on file with the Office of the Secretary of State.
2. API RP55 (1995 Edition); (and no future amendments), API recommended practice for conducting oil and gas production operations involving hydrogen sulfide, incorporated by reference and no future amendments. Copies are available from the Commission Office of Pipeline Safety, ~~1200 West Washington, Phoenix, Arizona 85007~~ 2200 North Central Avenue, Suite 300, Phoenix, Arizona 85004 and the CSSINFO, 310 Miller Avenue, Ann Arbor, Michigan, 48103 and on file with the Office of the Secretary of State.

F. Operators of an intrastate pipeline transporting LNG, hazardous liquid, natural gas or other gas will not construct any part of a hazardous liquid, LNG, natural gas or other gas pipeline system under a building. For building encroachments over a pipeline system, the operator

may require the property owner to remove the building from over the pipeline or reimburse the operator the cost associated with relocating the pipeline system. The encroachment shall be resolved within 180 days of discovery, or the operator shall discontinue service to the pipeline system. When the encroachment can not be resolved within the 180 days the operator shall submit to the Office of Pipeline Safety within 90 days of discovery a written plan to resolve the encroachment. The Office of Pipeline Safety may then extend the 180-day requirement in order to allow the ratepayer and the operator to implement the written plan to resolve the encroachment.

- G. Operators of an intrastate distribution pipeline transporting LNG, ~~hazardous liquid~~, natural gas or other gas will not construct any part of a pipeline system closer than 8 inches to any other underground structure. If the 8-inch clearance cannot be maintained from other underground structures, a sleeve, casing, or shielding shall be used.
- H. Operators of an intrastate pipeline transporting natural gas or other gas that have regulators, meters, or regulation meter sets that have been out of service for 36 months will abandon those lines and cap all ends. The Operator's steps to accomplish the abandonment shall not exceed 6 months beyond the 36 months out service status.
- I. Operators of an intrastate pipeline shall not install or operate a gas regulator that might release gas in its operation closer than 3 feet to a source of ignition, opening into a building, air intake into a building or to any electrical source not intrinsically safe. The three (3) foot clearance from a source of ignition will be measured from the vent or source of release (discharge port), not from the physical location of the meter set assembly. This subsection shall not be effective with respect to building permits which are issued and subdivisions which are platted prior to October 1, 2000. For encroachment within the required three foot

clearance caused by an action of the property owner, occupant or a service provider, after the effective date of this rule the operator may require the property owner to resolve the encroachment or reimburse the operator the cost associated with relocating the pipeline system. The encroachment shall be resolved within 180 days of discovery or the operator shall discontinue service to the effected pipeline system. When the encroachment cannot be resolved within the 180 days the operator shall submit to the Office of Pipeline Safety within 90 days of discovery a written plan to resolve the encroachment. The Office of Pipeline Safety may then extend the 180-day requirement in order to allow the ratepayer and the operator to implement the written plan to resolve the encroachment.

- J. Operators of an intrastate pipeline transporting LNG, natural gas, other gases or hazardous liquid will utilize a cathodic protection system designed to protect the metallic pipeline in its entirety, in accordance with 49 CFR 192, Subpart I, ~~January 16, 2002~~ January 15, 2004 (and no future amendments), incorporated by reference, on file with the Office of the Secretary of State, and copies available from the Commission Office of Pipeline Safety, ~~1200 West Washington, Phoenix, Arizona 85007~~ 2200 North Central Avenue, Suite 300, Phoenix, Arizona 85004 and the United States Government Printing Office, P.O. Box 371975M, Pittsburgh, Pennsylvania 15250-7975 except I (2) and (3) of Appendix D to Part 192 shall not be utilized.
- K. Operators of an intrastate pipeline transporting natural gas or other gas will not use solvent cement to join together plastic pipe manufactured from different materials unless the operator utilizes a joining procedure in accordance with the specifications of 49 CFR 192, Subpart F, ~~January 16, 2002~~ January 15, 2004 (and no future amendments), incorporated by reference, on file with the Office of the Secretary of State, and copies available from the Commission Office of

Pipeline Safety, and the United States Government Printing Office, P.O. Box 371975M, Pittsburgh, Pennsylvania 15250-7975.

- L. Operators of an intrastate pipeline transporting hazardous liquid, natural gas or other gas will not install Acrylonitrile-Butadiene-Styrene (ABS) or aluminum pipe in their pipeline systems.
- M. Operators of an intrastate pipeline transporting hazardous liquid, natural gas or other gas will not install plastic pipe aboveground unless the plastic pipeline is protected by a metal casing, or equivalent, and approved by the Office of Pipeline Safety. Temporary aboveground plastic pipeline bypasses are permitted for up to sixty (60) days, provided that the plastic pipeline is protected and is under the direct supervision of the operator at all times.
- N. Operators of an intrastate pipeline transporting hazardous liquid, natural gas or other gas that construct a pipeline system or any portion thereof using plastic pipe, will install, at a minimum, a 14-gauge coated or corrosion resistant, electrically conductive wire as a means of locating the pipe while it is underground. Tracer wire shall not be wrapped around the plastic pipe, tracer wire may be taped, or attached in some manner to the pipe provided that the adhesive or the attachment is not detrimental to the integrity of the pipe wall.
- O. Operators of an intrastate pipeline transporting hazardous liquid, natural gas or other gas ~~pipeline system~~ that construct an underground pipeline system ~~using plastic pipe~~, will bury the installed pipe with a minimum of 6 inches of sandy type soil surrounding the pipe for bedding and shading, free of any rock or debris, unless otherwise protected and approved by the Office of Pipeline Safety.
- P. Operators of an intrastate pipeline transporting natural gas or other gas ~~pipeline system~~ that construct an underground pipeline system using plastic pipe will install the pipe with

sufficient slack to allow for thermal expansion and contraction. In addition, all plastic pipe shall be marked CD or CE and all fittings shall be marked "Gas" and shall be marked CF or CG as required by ASTM D2513-95c (1995c Edition and no future editions), incorporated by reference, on file with the Office of the Secretary of State, and copies available from the Commission Office of Pipeline Safety, ~~1200 West Washington, Phoenix, Arizona 85007~~ 2200 North Central Avenue, Suite 300, Phoenix, Arizona 85004 and the ASTM, 1916 Race Street, Philadelphia, Pennsylvania 19103-1187, for areas where the service temperature is above 100°F.

- Q.** Operators of an intrastate pipeline system transporting hazardous liquid, natural gas or other gases shall qualify welding procedures and shall perform welding of steel pipelines in accordance with API Standard 1104. Each welder must be qualified in accordance with API Standard 1104, 49 CFR 192, appendix A. The qualification of welders delineated in 49 CFR 192, appendix C may be used for low stress level pipe.
- R.** Operators of an intrastate pipeline transporting natural gas or other gas pipeline system shall survey and grade all detected leakage by the following guide: ASME Guide for Gas Transmission and Distribution Pipeline System, Guide Material, Appendix G-11-1983 except 4.4(c) (1983 Revision and no future revisions), incorporated by reference and on file with the Office of the Secretary of State and copies available from the Commission Office of Pipeline Safety, ~~1200 West Washington, Phoenix, Arizona 85007~~ 2200 North Central Avenue, Suite 300, Phoenix, Arizona 85004 and the ASME, United Engineering Center, 345 East 47<sup>th</sup> Street, New York, N. Y. 10017. ("Should" as referenced in the Guide will be interpreted to mean "shall"). Leakage survey records shall identify in some manner each pipeline surveyed.

Records shall be maintained to demonstrate that the required leakage survey has been conducted.

- S. Operators of an intrastate pipeline transporting natural gas, other gas or hazardous liquids shall advise the Office of Pipeline Safety when a pipeline is removed that was or could have been involved in an accident/incident. The operator, when directed by the Office of Pipeline Safety, shall have the pipeline involved in the incident tested on a mutually agreed upon time frame and by a laboratory mutually agreed upon by the operator and the Office of Pipeline Safety. The operator shall notify the Office of Pipeline Safety with the location and time the laboratory will be conducting the required tests. This information shall be provided in advance of the test in a time frame to permit Pipeline Safety Staff the opportunity to witness the test. The test results from the laboratory shall be made available to the Office of Pipeline Safety within thirty (30) days of the operator having received the laboratory report.
- ~~S.~~ T. All repair work performed on an existing intrastate pipeline transporting LNG, hazardous liquids, natural gas or other gas ~~pipeline system~~ will comply with the provisions of this Article.
- ~~T.~~ U. The Commission may waive compliance with any of the aforementioned parts upon a finding that such a waiver is in the interest of public and pipeline safety.
- ~~U.~~ V. To ensure compliance with provisions of this rule the Commission or an authorized representative thereof may enter the premises of an operator of an intrastate pipeline to inspect and investigate the property, books, papers, business methods, and affairs that pertain to the pipeline system operation.

~~V.~~ W. All other Commission administrative rules are superseded to the extent they are in conflict with the pipeline safety provisions of this Article.

**R14-5-203. Pipeline Incident Reports and Investigations**

**A.** Applicability. This rule applies to all intrastate pipeline systems.

**B.** Required incident reports by telephone:

1. Operators of an intrastate pipeline transporting LNG, natural gas or other gas ~~pipeline system~~ will notify by telephone the Office of Pipeline Safety upon discovery of the occurrence of any of the following:
  - a. The release of natural gas, other gas or liquefied natural gas (LNG) from a pipeline or LNG facility, when any of the following results:
    - i. Death or personal injury requiring hospitalization.
    - ii. An explosion or fire not intentionally set by the operator.
    - iii. Property damage, including the value of the gas lost, estimated in excess of \$5,000.
  - b. Emergency transmission pipeline shutdown.
  - c. News media inquiry.
  - d. Overpressure of a pipeline system where a pipeline operating at less than 12 PSIG exceeds MAOP by 50%, where a pipeline operating between 12 PSIG and 60 PSIG exceeds MAOP by 6 PSIG or where a pipeline operating over 60 PSIG exceeds MAOP plus 10%.
  - e. Permanent or temporary discontinuance of gas service to a master meter system or when assisting with the isolation of any portion of a gas master meter system due to a failure of a leak test.

- f. Emergency shutdown of a LNG process or storage facility.
- 2. Operators of an intrastate pipeline transporting hazardous liquid will notify by telephone the Office of Pipeline Safety upon discovery of the occurrence of any of the following:
  - a. Death or personal injury requiring hospitalization.
  - b. An explosion or fire not intentionally set by the operator.
  - c. Property damage estimated in excess of \$5,000.
  - d. Pollution of any land, stream, river, lake, reservoir, or other body of water that violates applicable environmental quality, water quality standards, causes a discoloration of the surface of the water or adjoining shoreline, or deposits sludge or emulsion beneath the surface of the water or upon adjoining shorelines.
  - e. News media inquiry.
  - f. Release of 5 gallons (19 liters) or more of hazardous liquid or carbon dioxide, except that no report is required for a release of less than 5 barrels (0.8 cubic meters) resulting from a pipeline maintenance activity if the release is:
    - i. Not otherwise reportable under this section;
    - ii. Not one described in 49 CFR 195.52(a)(4); (1994 Revision and no future revisions), incorporated by reference and on file with the Office of the Secretary of State and copies available from the Commission Office of Pipeline Safety, ~~1200 West Washington, Phoenix,~~

Arizona 85007 2200 North Central Avenue, Suite 300,  
Phoenix, Arizona 85004.

iii. Confined to company property or pipeline right-of-way;

and

iv. Cleaned up promptly.

g. Any release of hazardous liquid or carbon dioxide, that was significant in the judgment of the operator even though it did not meet the criteria of any other paragraph of this section.

3. Telephone incident reports will include the following information:

- a. Name of the pipeline system operator,
- b. Name of the reporting party,
- c. Job title of the reporting party,
- d. The reporting party's telephone number,
- e. Location of the incident,
- f. Time of the incident, and
- g. Fatalities and injuries, if any.

C. Require written incident report:

1. Operators of an intrastate pipeline transporting natural gas, LNG or other gases will file a written incident report when an incident occurs involving a natural gas or other gas pipeline that results in any of the following:

- a. An explosion or fire not intentionally set by the operator.
- b. Injury to a person that results in 1 or more of the following:
  - i. Death.

- ii. Loss of consciousness.
    - iii. Need for medical treatment requiring hospitalization.
  - c. Property damage, including the value of the lost gas, estimated in excess of \$5,000.
  - d. Emergency transmission pipeline shutdown.
  - e. Overpressure of a pipeline system where a pipeline operating at less than 12 PSIG exceeds MAOP by 50%, where a pipeline operating between 12 PSIG and 60 PSIG exceeds MAOP by 6 PSIG or where a pipeline operating over 60 PSIG exceeds MAOP plus 10%.
  - f. Emergency shutdown of a LNG process or storage facility.
2. Written incident reports concerning natural gas or other gas pipeline systems will be in the following form:
- a. RSPA F7100.1 - Distribution System: Incident Report, incorporated by reference and on file with the Office of the Secretary of State and copies available from the Commission Office of Pipeline Safety, ~~1200 West Washington, Phoenix, Arizona 85007~~ 2200 North Central Avenue, Suite 300, Phoenix, Arizona 85004.
  - b. RSPA F7100.2 - Transmission and Gathering System: Incident Report, incorporated by reference and on file with the Office of the Secretary of State and copies available from the Commission Office of Pipeline Safety, ~~1200 West Washington, Phoenix, Arizona 85007~~ 2200 North Central Avenue, Suite 300, Phoenix, Arizona 85004.
  - c. Written incident reports with respect to LNG facilities will be in an

investigative form defining the incident and corrective action taken to prevent a reoccurrence.

3. Operators of an intrastate pipeline transporting hazardous liquid will make a written incident report on RSPA F 7000-1, (January 2001 Revision and no future revisions), incorporated by reference and on file with the Office of the Secretary of State, and copies available from the Commission Office of Pipeline Safety, ~~1200 West Washington, Phoenix Arizona 85007~~ 2200 North Central Avenue, Suite 300, Phoenix, Arizona 85004, when there is a release of hazardous liquid which results in any of the following:
  - a. An explosion or fire not intentionally set by the operator.
  - b. Injury to a person that results in 1 or more of the following:
    - i. Death.
    - ii. Loss of consciousness.
    - iii. Inability to leave the scene of the incident unassisted.
    - iv. Need for medical treatment.
    - v. Disability which interferes with a person's normal daily activities beyond the date of the incident.
  - c. Release of 5 gallons (19 liters) or more of hazardous liquid or carbon dioxide, except that no report is required for a release of less than 5 barrels (0.8 cubic meters) resulting from a pipeline maintenance activity if the release is:
    - i. Not otherwise reportable under this section;
    - ii. Not one described in 49 CFR 195.52 (a)(4); (1994 Revision and no future revisions), incorporated by reference and on file

with the Office of the Secretary of State and copies available from the Commission Office of Pipeline Safety, ~~1200 West Washington, Phoenix, Arizona 85007~~ 2200 North Central Avenue, Suite 300, Phoenix, Arizona 85004.

- iii. Confined to company property or pipeline right-of-way; and
  - iv. Cleaned up promptly.
  - d. Estimated property damage, including cost of clean-up and recovery, value of lost product, and damage to the property of the operator or others, or both, exceeding \$5,000.
  - e. News media inquiry.
4. Written incident reports as required in this Section will be filed with the Office of Pipeline Safety, within the time specified below:
- a. Natural gas, LNG or other gas - within 20 days after detection.
  - b. Hazardous liquids - within 15 days after detection.
5. The Operators shall also file a copy of all DOT required written incident reports with the Information Resources Manager, Office of Pipeline Safety, Research and Special Programs Administration, U.S. Department of Transportation, Washington, DC 20590.
6. Operators of a natural gas or other gas pipeline system will request a clearance from the Office of Pipeline Safety prior to turning on or reinstating service to a master meter operator.

**D. Investigations by the Commission:**

- 1. The Office of Pipeline Safety will investigate the cause of incidents resulting in death

or serious injury.

2. Pursuant to an investigation under this rule, the Commission, or an authorized agent thereof, may:
  - a. Inspect all plant and facilities of a pipeline system.
  - b. Inspect all other property, books, papers, business methods, and affairs of a pipeline system.
  - c. Make inquiries and interview persons having knowledge of facts surrounding an incident.
  - d. Attend, as an observer, hearings and formal investigations concerning pipeline system operators.
  - e. Schedule and conduct a public hearing into an incident.
3. The Commission may issue subpoenas to compel the production of records and the taking of testimony.
4. Incidents not reported in accordance with the provisions of this rule will be investigated by the Office of Pipeline Safety.
5. Incidents referred to in incomplete or inaccurate reports will be investigated by the Office of Pipeline Safety.
6. Late filed incident reports will be accompanied by a letter of explanation. Incidents referred to in late filed reports may be investigated by the Office of Pipeline Safety.

**R14-5-204. Annual Reports**

A. Except for operators of an intrastate pipeline transporting LNG, ~~hazardous liquid~~, all other intrastate pipeline operators will file with the Office of Pipeline Safety, not later than March 15, for the preceding calendar year, the following appropriate report(s):

1. RSPA F 7000-1.1 (February 2004 and no future editions) – “Annual Report for calendar year 20 \_\_, hazardous liquid or carbon dioxide systems” and “Instructions for completing RSPA F 7000-1.1 Annual Report for calendar year 20 \_\_ hazardous liquid or carbon dioxide systems incorporated by reference, on file with the Secretary of State and copies available from the Commission Office of Pipeline Safety, 2200 North Central Avenue, Suite 300, Phoenix, Arizona 85004 and the Information Resources Manager, Office of Pipeline Safety, U.S. Department of Transportation, Room 2301, 400 Seventh Street, S.W., Washington, DC 20590.
- ~~1.~~ 2. RSPA F7100.1-1 (November 1985 Edition and no future editions) - "Annual Report for Calendar Year 20 \_\_, Gas Distribution System" and "Instructions for Completing RSPA Form F7100.1-1, Annual Report for Calendar Year 20 \_\_, Gas Distribution System", incorporated by reference, on file with the Office of the Secretary of State, and copies available from the Commission Office of Pipeline Safety, ~~1200 West Washington, Phoenix, Arizona 85007~~ 2200 North Central Avenue, Suite 300, Phoenix, Arizona 85004 and the Information Resources Manager, Office of Pipeline Safety, Research and Special Programs Administration, U.S. Department of Transportation, Room ~~8417~~ 2301, 400 Seventh Street, S.W., Washington, D.C. 20590.
- ~~2.~~ 3. RSPA F7100.2-1 (January 2002 Edition and no future editions) - "Annual Report for Calendar Year 20 \_\_, Gas Transmission and Gathering Systems" and "Instructions

for Completing Form RSPA F7100.2-1, Annual Report for Calendar Year 20\_\_\_\_, Gas Transmission and Gathering Systems", incorporated by reference, on file with the Office of the Secretary of State, and copies available from the Commission Office of Pipeline Safety, ~~1200 West Washington, Phoenix, Arizona 85007~~ 2200 North Central Avenue, Suite 300, Phoenix, Arizona 85004 and the Information Resources Manager, Office of Pipeline Safety, Research and Special Programs Administration, U.S. Department of Transportation, Room ~~8417~~ 2301, 400 Seventh Street, S.W., Washington, D.C. 20590.

- B.** The operator will also file a copy of all required annual reports by March 15 to the Information Resources Manager, Office of Pipeline Safety, Research and Special Programs Administration, U.S. Department of Transportation, 400 Seventh Street S.W., Washington, D.C. 20590-0001.

**R14-5-205. Master Meter System Operators**

- A.** Applicability. This rule applies to the construction, reconstruction, repair, emergency procedures, operation and maintenance of all master meter systems, as a condition of receiving service from public service corporations. Noncompliance with this rule by operators of a master meter system shall constitute grounds for termination of service by the public service corporation when informed in writing by the Office of Pipeline Safety. In case of an emergency, the Office of Pipeline Safety may give the public service corporation oral instructions to terminate service, with written confirmation to be furnished within 24 hours.
- B.** Subject to the definitional changes in R14-5-201 and the revisions noted in subsection (C), the Commission adopts, incorporates, and approves as its own 49 CFR 191 and 192, revised as of ~~January 16, 2002~~ January 15, 2004 (and no future amendments), incorporated by

reference, on file with the Office of the Secretary of State, and copies available from the Commission Office of Pipeline Safety, ~~1200 West Washington, Phoenix, Arizona 85007~~ 2200 North Central Avenue, Suite 300, Phoenix, Arizona 85004 and the United States Government Printing Office, P.O. Box 371975M, Pittsburgh, Pennsylvania 15250-7975.

- C. The above mentioned incorporated parts of 49 CFR, except Part 191, are revised as follows:
1. Substitute "Commission" where "Administrator of the Research and Special Programs Administration", or "Office of Pipeline Safety" (OPS) appear.
  2. Substitute Office of "Pipeline Safety, Arizona Corporation Commission, at its office in Phoenix, Arizona" where the address for the Information Resources Manager, Office of Pipeline Safety, Research and Special Programs Administration, U.S. Department of Transportation appears.
- D. Operators of a master meter system will establish an Operation and Maintenance Plan (O & M) including an emergency plan. The plans must be maintained at the master meter system location.
- E. Operators of a master meter system will not construct any part of a natural gas or other gas system under a building or permit a building to be placed over a pipeline. Within 180 days of discovery of a building being located over a pipeline, the operator shall remove the building from over the pipeline, relocate the pipeline or discontinue the service to the pipeline located under the building.
- F. Operators of a master meter system will not install Acrylonitrile-Butadiene-Styrene (ABS) or aluminum pipe in their systems.
- G. Operators of a master meter system will not use solvent cement to join together plastic pipe manufactured from different materials unless the operator utilizes a joining procedure in

accordance with the specifications of 49 CFR 192, Subpart F, ~~January 16, 2002~~ January 15, 2004 (and no future amendments), incorporated by reference, on file with the Office of the Secretary of State, and copies available from the Commission Office of Pipeline Safety, ~~1200 West Washington, Phoenix, Arizona 85007~~ 2200 North Central Avenue, Suite 300, Phoenix, Arizona 85004 and the United States Government Printing Office, P.O. Box 371975M, Pittsburgh, Pennsylvania 15250-7975.

- H. Operators of a master meter system that construct a pipeline or any portion thereof using plastic pipe will install, at a minimum, a 14-gauge coated or corrosion resistant, electrically conductive wire as a means of locating the pipe while it is underground. Tracer wire shall not be wrapped around the plastic pipe, tracer wire may be taped, or attached in some manner to the pipe provided that the adhesive or the attachment is not detrimental to the integrity of the pipe wall.
- I. Operators of a master meter system that construct an underground pipeline ~~using plastic pipe,~~ will bury the installed pipe with a minimum of 6 inches of sandy type soil surrounding the pipe for bedding and shading, free of any rock or debris, unless otherwise protected and approved by the Office of Pipeline Safety.
- J. Operators of a master meter system that construct an underground pipeline using plastic pipe will install the pipe with sufficient slack to allow for thermal expansion and contraction. In addition, all plastic pipe shall be marked CD or CE and all fittings shall be marked "Gas" and shall be marked CF or CG as required by ASTM D2513-95c (1995c Edition and no future editions), incorporated by reference, on file with the Office of the Secretary of State and copies available from the Commission Office of Pipeline Safety, ~~1200 West Washington, Phoenix, Arizona 85007~~ 2200 North Central Avenue, Suite 300, Phoenix, Arizona 85004 and

the ASTM, 1916 Race Street, Philadelphia, Pennsylvania 19103-1187, for areas where the service temperature is above 100°F.

- K. Operators of a master meter gas system shall qualify welding procedures and shall perform welding of steel pipelines in accordance with API Standard 1104. Each welder must be qualified in accordance with API Standard 1104, 49 CFR 192, appendix A.
- L. All repair work performed on existing master meter systems will comply with the provisions of this Article.
- M. Operators of a master meter system will not construct any part of a natural gas or other gas system closer than 8 inches to any other underground structure.
- N. Operators of a master meter system will file a Notice of Construction 30 days prior to commencement of the construction of any pipeline. The Notice will contain the following information:
  - 1. The dates of construction,
  - 2. The size and type of pipe to be used,
  - 3. The location of construction, and
  - 4. The Maximum Allowable Operating Pressure (MAOP).
- O. Operators of a master meter system will perform leakage surveys at intervals not exceeding 15 months but at least once each calendar year and will survey and grade all detected leakage by the following guide -- ASME Guide for Gas Transmission and Distribution Pipeline System, Guide Material, Appendix G-11-1983 (1983 Revision and no future revisions), except 4.4(c), incorporated by reference, on file with the Office of the Secretary of State, and copies available from the Commission Office of Pipeline Safety, ~~1200 West Washington,~~  
~~Phoenix, Arizona 85007~~ 2200 North Central Avenue, Suite 300, Phoenix, Arizona 85004 and

the ASME, United Engineering Center, 345 East 47th Street, New York, New York 10017. ("Should" as referenced in the guide will be interpreted to mean "shall".) Leak detection procedures shall be approved by the Office of Pipeline Safety.

**P.** Operators of master meter system shall advise the Office of Pipeline Safety when a pipeline is removed that was or could have been involved in an accident/incident. The operator, when directed by the Office of Pipeline Safety, shall have the pipeline involved in the incident tested on a mutually agreed upon time frame and by a laboratory mutually agreed upon by the operator and the Office of Pipeline Safety. The operator shall notify the Office of Pipeline Safety the location and time the laboratory will be conducting the required tests. This information shall be provided in advance of the test in a time frame to permit Pipeline Safety Staff member(s) the opportunity to witness the test. The test results from the laboratory shall be made available to the Office of Pipeline Safety within thirty (30) days of the operator having received the laboratory report.

**P. Q.** Operators of a master meter system will file an annual report with the Commission on Commission Form 1-90/15M (1990 Edition and no future editions), "Annual Report for Calendar Year 20\_\_\_\_, Small Operators of Gas Distribution System," incorporated by reference, on file with the Office of the Secretary of State, and copies available from the Commission, Office of Pipeline Safety, ~~1200 West Washington, Phoenix, Arizona 85007~~ 2200 North Central Avenue, Suite 300, Phoenix, Arizona 85004. This report will be filed with the Office of Pipeline Safety not later than April 15 for the preceding calendar year.

**Q. R.** The Commission may waive compliance with any of the aforementioned parts upon a finding that such a waiver is in the interest of public safety.

**R. S.** To ensure compliance with provisions of this rule, the Commission or an authorized representative thereof, may enter the premises of an operator of a master meter system to inspect and investigate the property, books, papers, business methods, and affairs that pertain to the operation of the master meter system.

**S. T.** All other Commission administrative rules are superseded to the extent they are in conflict with the pipeline safety provisions of this Article.